

REQUEST NO. POL 1.1

On page 5 of Paul McCoy's direct testimony (IETC Ex. 1), he states "Independent transmission ownership provides the key ingredient missing from the electric industry restructuring equation: the application of capital to transmission needs unfettered by the competing financial needs and interests so often found in vertically integrated utilities." Mr. McCoy goes on to state that the benefits of IETC's ownership of Illinois Power transmission assets "will come from the independent ownership of the assets within an RTO." (IETC Ex. 1, p. 11). Mr. McCoy defines this independence as IETC having "no other lines of business which may be competitively or financially impacted by not expanding transmission capacity." (IETC Ex. 1, p. 11). What guarantees, beyond a "business plan" statement, is IETC prepared to provide that IETC will indeed be, and remain, independent of "other lines of business which may be competitively or financially impacted" by IETC ownership and management of transmission lines? Would IETC be willing to make a commitment to remain independent of other lines of business—including retail electric suppliers—which may be competitively or financially impacted as an ongoing condition of its status as a certified public utility under the Illinois Public Utilities Act?

RESPONSE: IETC has made a commitment to operate as an independent transmission company through its structure, organization, financing, and requested regulatory treatment. All of IETC's projections and plans are based on IETC becoming and remaining a transmission-only utility. Moreover, IETC, for example, *could not* function as an ARES without securing the approval of this Commission, and were it do so IETC would lose its status as a non-market participant in the eyes of the Federal Energy Regulatory Commission. Furthermore, when the record in this Docket is complete, the Commission will have the sworn statements of officers of

IETC, in the form of a verified petition and testimony under oath, stating openly and fully not only what IETC's business is, but what its intentions are for its business in the future. Not only has IETC made these representations to this Commission, but these representations also form the explicit basis for the rate treatment sought by IETC to its other regulator, FERC, and that status is confirmed as well in Trans-Elect's Form U-1 filed with the Securities and Exchange Commission. IETC renews those representations in this response to Staff's data request: Upon approval of the requested relief, IETC will be an independent transmission utility and it has no plans or intentions whatsoever to become a market participant by becoming involved in other businesses which may be competitively or financially impacted as an ongoing condition of its status as a certified public utility under the Illinois Public Utilities Act.

IETC believes that it is fundamentally reasonable for the Illinois Commerce Commission to rely on these statements and plans in judging IETC's application, just as it does for other applicants, and believes that the Commission retains the authority to issue appropriate orders if at any time IETC, as a public utility regulated in Illinois, acts contrary to law or its Certificate. *See, e.g.,* 220 ILCS §§ 8-406(f), 8-502, 8-505. While IETC does not believe that it would be lawful, even if agreed to by IETC, for the Commission to condition a Certificate on IETC's advance waiver of other rights, IETC notes that it has requested a Certificate to operate *only* as a transmission utility and it has no objection to the Certificate it requests being clearly limited to exercise of that authority only.